

VILLAGE OF CLINTON, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2004
WITH
INDEPENDENT AUDITORS' REPORT

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

| | | | |
|---|--------------------------------|---|-------------------|
| Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name VILLAGE OF CLINTON | County LENAWEE |
| Audit Date MARCH 31, 2004 | Opinion Date APRIL 29, 2004 | Date Accountant Report Submitted to State: JUNE 21, 2004 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

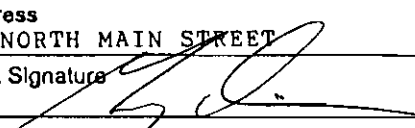
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

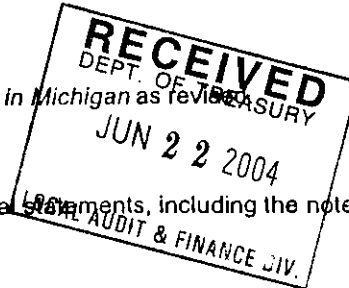
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | X | | |
| Reports on Individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGR). | | | X |

| | | | |
|---|----------------|-------------|--------------|
| Certified Public Accountant (Firm Name) ROBERTSON, EATON & OWEN, P.C. | | | |
| Street Address 121 NORTH MAIN STREET | City ADRIAN | State MI | ZIP 49221 |
| Accountant Signature  | | | |



April 29, 2004

Village Council
Village of Clinton
Lenawee County, Michigan

This letter discusses the upcoming conversion of the Village's financial statements to meet the reporting requirements under Governmental Accounting Standards Board (GASB) Pronouncement 34.

For the year ending March 31, 2005, the Village of Clinton will need to meet the following requirements:

1. On a full accrual financial statement, the Village will report all fixed assets owned by the Village. This would include all land, buildings, equipment, roads, storm drains, and any other possible assets owned by the Village.

Related depreciation expense will also have to be determined.

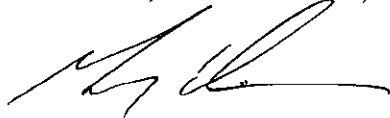
2. Any long-term general obligation debt or long-term liabilities would be reported on the full accrual financial statement.
3. The Village will be providing a Management's Discussion and Analysis (MD&A) letter. This letter will discuss the financial figures in the audit report and provide information on future financial activity.

We will work with the Village on the above requirements. Many of the fixed asset values can be obtained from general fixed asset records or insurance evaluations, and we will work with the Village on road values and other infrastructure evaluations. And, we will assist in the preparation of the MD&A letter.

If you have any questions on GASB Statement No. 34 and the financial reporting by the Village on your next audit report, give me a call.

Sincerely,

ROBERTSON, EATON & OWEN, P.C.



Gary Owen

VILLAGE OF CLINTON, MICHIGAN
INDEPENDENT AUDITORS' REPORT
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INDEPENDENT AUDITORS' REPORT
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April 29, 2004

INDEPENDENT AUDITORS' REPORT

Village Council
Village of Clinton
Clinton, Michigan

We have audited the accompanying general purpose financial statements of Village of Clinton, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Village of Clinton, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Village of Clinton, Michigan as of March 31, 2004, and the results of its operations and the cash flows of its individual proprietary and fiduciary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2004 on our consideration of Village of Clinton, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Page 2

April 29, 2004

Village Council
Village of Clinton
Clinton, Michigan

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Village of Clinton, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Robertson, Eaton & Owen, P.C.

April 29, 2004

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITORS' REPORT

Village Council
Village of Clinton
Clinton, Michigan

We have audited the general purpose financial statements of Village of Clinton, Michigan as of and for the year ended March 31, 2004, and have issued our report thereon dated April 29, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Village of Clinton, Michigan's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Village of Clinton, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

April 29, 2004

Village Council
Village of Clinton
Clinton, Michigan

This report is intended solely for the information and use of the management of Village of Clinton, Michigan, and Departments of the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Robertson, Eaton & Owen, P.C.

VILLAGE OF CLINTON, MICHIGAN
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNIT

March 31, 2004
With Comparative Totals for March 31, 2003

| | GOVERNMENTAL FUND TYPES | | | | PROPRIETARY FUND TYPES | |
|---|------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------------|--------------------------|
| <u>ASSETS</u> | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Project</u> | <u>Enterprise</u> | <u>Equipment</u> |
| Cash | \$ 425,876 | \$ 135,791 | \$ 151 | \$ 37,733 | \$ 1,410,843 | \$ 52,645 |
| Investments | | | | | | |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Property taxes | 39,700 | 3,110 | | | | |
| Customers | | | | | 351,624 | |
| Other | 8,588 | | | | | |
| Prepaid expenses and other assets | 16,700 | 11,101 | | | 27,450 | 122 |
| Due from other funds | | 4,754 | | | | |
| Due from primary government | | | | | | |
| Due from other governmental units | | 17,788 | | | | |
| Inventories | | | | | 44,828 | |
| Investment in joint venture (Note 9) | | | | | 812,706 | |
| Capital assets - (Note 3) | | | | | 3,896,516 | 205,395 |
| Amount to be provided for retirement of general long-term debt | | | | | | |
| Construction in progress | | | | 499,647 | | |
| Total assets | <u>\$ 490,864</u> | <u>\$ 172,544</u> | <u>\$ 151</u> | <u>\$ 537,380</u> | <u>\$ 6,543,967</u> | <u>\$ 258,162</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable and accrued expenses | \$ 20,877 | \$ 2,405 | \$ | \$ | \$ 177,805 | \$ 1,944 |
| Due to component unit | 2,963 | | | | | |
| Due to other funds | 2,377 | 2,377 | | | 150,000 | |
| Cash bonds and deposits | | 120 | | | 19,420 | |
| Accrued leave | 22,847 | | | | 77,519 | |
| General obligation debt payable - long term | | | | | | |
| Deferred contributions | | | | | | |
| Total liabilities | <u>49,064</u> | <u>4,902</u> | <u>-</u> | <u>-</u> | <u>424,744</u> | <u>1,944</u> |
| Fund equity: | | | | | | |
| Contributed capital | | | | | 1,713,250 | 23,790 |
| Investment in general fixed assets | | | | | | |
| Retained earnings: | | | | | | |
| Reserved for investment in joint venture (Note 9) | | | | | 812,706 | |
| Reserved for Water Treatment Plant | | | | | 93,963 | 232,428 |
| Unreserved | | | | | 3,499,304 | |
| Fund balances: | | | | | | |
| Reserved | | | 151 | 537,380 | | |
| Unreserved - undesignated | 441,800 | 167,642 | | | | |
| - designated | | | | | | |
| Total fund equity | <u>441,800</u> | <u>167,642</u> | <u>151</u> | <u>537,380</u> | <u>6,119,223</u> | <u>256,218</u> |
| Total liabilities and fund equity | <u>\$ 490,864</u> | <u>\$ 172,544</u> | <u>\$ 151</u> | <u>\$ 537,380</u> | <u>\$ 6,543,967</u> | <u>\$ 258,162</u> |

| <u>FIDUCIARY FUND TYPES</u> | <u>ACCOUNT GROUPS</u> | | | <u>COMPONENT UNIT</u> | <u>TOTALS</u> | |
|---------------------------------|---------------------------------|-----------------------------------|---|--------------------------------------|---------------------------------------|---------------------|
| | | | Totals (Memorandum Only) Primary Government | Downtown Development Authority | (Memorandum Only) Reporting Entity | |
| <u>Trust</u> | <u>General Fixed Assets</u> | <u>General Long Term Debt</u> | | | <u>2004</u> | <u>2003</u> |
| \$ 1,333,414 | \$ | \$ | \$ 2,063,039 1,333,414 | \$ 51,974 | \$ 2,115,013 1,333,414 | \$ 1,923,893 |
| | | | 42,810 | 31,905 | 74,715 | 32,333 |
| | | | 351,624 | | 351,624 | 294,740 |
| | | | 8,588 | 101 | 8,689 | 6,482 |
| | | | 55,373 | | 55,373 | 112,776 |
| 150,000 | | | 154,754 | | 154,754 | 4,754 |
| | | | | 2,963 | 2,963 | 2,963 |
| | | | 17,788 | | 17,788 | 15,274 |
| | | | 44,828 | | 44,828 | 48,076 |
| | | | 812,706 | | 812,706 | 515,698 |
| | 1,838,757 | | 5,940,668 | | 5,940,668 | 5,827,058 |
| | | 453,193 | 453,193 | 222,000 | 675,193 | 280,858 |
| | | | 499,647 | | 499,647 | |
| <u>\$ 1,483,414</u> | <u>\$ 1,838,757</u> | <u>\$ 453,193</u> | <u>\$ 11,778,432</u> | <u>\$ 308,943</u> | <u>\$ 12,087,375</u> | <u>\$ 9,064,905</u> |
| | | | | | | |
| \$ | \$ | \$ | \$ 203,031 | \$ | \$ 203,031 | \$ 222,537 |
| | | | 2,963 | | 2,963 | 2,963 |
| | | | 154,754 | | 154,754 | 4,754 |
| | | | 19,540 | | 19,540 | 19,440 |
| | | 43,193 | 143,559 | | 143,559 | 106,752 |
| | | 410,000 | 410,000 | 222,000 | 632,000 | 246,000 |
| | | | | | | 105,200 |
| | | 453,193 | 933,847 | 222,000 | 1,155,847 | 707,646 |
| | | | | | | |
| | | | 1,737,040 | | 1,737,040 | 1,791,007 |
| | 1,838,757 | | 1,838,757 | | 1,838,757 | 1,794,577 |
| | | | | | | |
| | | | 812,706 | | 812,706 | 515,698 |
| | | | 326,391 | | 326,391 | 74,076 |
| | | | 3,499,304 | | 3,499,304 | 3,624,385 |
| 742,277 | | | 1,279,808 | 13,047 | 1,292,855 | 17,676 |
| 6,524 | | | 615,966 | 73,896 | 689,862 | 539,840 |
| 734,613 | | | 734,613 | | 734,613 | |
| <u>1,483,414</u> | <u>1,838,757</u> | <u>-</u> | <u>10,844,585</u> | <u>86,943</u> | <u>10,931,528</u> | <u>8,357,259</u> |
| <u>\$ 1,483,414</u> | <u>\$ 1,838,757</u> | <u>\$ 453,193</u> | <u>\$ 11,778,432</u> | <u>\$ 308,943</u> | <u>\$ 12,087,375</u> | <u>\$ 9,064,905</u> |

VILLAGE OF CLINTON, MICHIGAN

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

GOVERNMENTAL FUND TYPES

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Project</u> |
|---|-------------------|----------------------------|-------------------------|----------------------------|
| Revenues: | | | | |
| Property taxes | \$ 580,937 | \$ 45,646 | \$ | \$ |
| Intergovernmental revenues | 250,853 | 145,020 | | |
| Licenses, fees, and charges for services | 144,546 | | | |
| Rentals | 8,770 | 7,950 | | |
| Interest | 6,855 | 1,360 | 905 | 1,670 |
| Other | 27,835 | 2,804 | | 2,500 |
| Townships | | 72,125 | | |
| Softball fees | | 21,390 | | |
| Grants | | | | 1,278 |
| Contributions | | | | |
| Realized gain/(loss) on investment | | | | |
| Unrealized gain on investment | | | | |
| Total revenues | <u>1,019,796</u> | <u>296,295</u> | <u>905</u> | <u>5,448</u> |
| Expenditures: | | | | |
| General Government | 296,549 | | | |
| Public safety | 395,964 | | | |
| Parks and recreation | 23,433 | | | |
| Sanitation | 78,765 | | | |
| Highways and streets | 47,912 | 127,535 | | |
| Community Center expenses | | 52,903 | | |
| Downtown Development Authority | | | | |
| Fire | | 128,826 | | |
| Softball program expense | | 19,990 | | |
| Capital outlay | | | | 3,500 |
| Professional fees | | | | 4 |
| Debt Service: | | | | |
| Principal | | | | |
| Interest | | | 7,754 | |
| Total expenditures | <u>842,623</u> | <u>329,254</u> | <u>7,754</u> | <u>3,504</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>177,173</u> | <u>(32,959)</u> | <u>(6,849)</u> | <u>1,944</u> |
| Other financing sources (uses): | | | | |
| Operating transfers in | | 76,630 | 7,000 | 122,663 |
| Operating transfers out | (83,630) | | | |
| Proceeds from bonds | | | | 410,000 |
| Total other financing sources (uses) | <u>(83,630)</u> | <u>76,630</u> | <u>7,000</u> | <u>532,663</u> |
| Excess of revenues and other financing sources over expenditures and other uses | 93,543 | 43,671 | 151 | 534,607 |
| Fund balances – beginning of year | <u>348,257</u> | <u>123,971</u> | | <u>2,773</u> |
| Fund balances – end of year | <u>\$ 441,800</u> | <u>\$ 167,642</u> | <u>\$ 151</u> | <u>\$ 537,380</u> |

FIDUCIARY FUND TYPE**COMPONENT UNIT**

| <u>Expendable Trust</u> | Totals (Memorandum Only) Primary Government | Downtown Development Authority | Totals (Memorandum Only) Reporting Entity | |
|--------------------------------|--|---|--|--------------------|
| | | | <u>2004</u> | <u>2003</u> |
| \$ | \$ 626,583 | \$ 64,752 | \$ 691,335 | \$ 598,668 |
| | 395,873 | | 395,873 | 383,343 |
| | 144,546 | | 144,546 | 160,393 |
| | 16,720 | | 16,720 | 16,330 |
| 6,694 | 17,484 | 459 | 17,943 | 9,397 |
| | 33,139 | 1,277 | 34,416 | 19,161 |
| | 72,125 | | 72,125 | 68,344 |
| | 21,390 | | 21,390 | 22,250 |
| | 1,278 | | 1,278 | 126,504 |
| 734,613 | 734,613 | 105,200 | 839,813 | |
| (1,267) | (1,267) | | (1,267) | |
| <u>3,318</u> | <u>3,318</u> | | <u>3,318</u> | |
| <u>743,358</u> | <u>2,065,802</u> | <u>171,688</u> | <u>2,237,490</u> | <u>1,404,390</u> |
| | 296,549 | | 296,549 | 277,502 |
| | 395,964 | | 395,964 | 381,781 |
| | 23,433 | | 23,433 | 42,600 |
| | 78,765 | | 78,765 | 74,214 |
| | 175,447 | | 175,447 | 199,168 |
| | 52,903 | | 52,903 | 47,306 |
| | 128,826 | 5,965 | 5,965 | 65,507 |
| | 19,990 | | 128,826 | 115,964 |
| | 3,500 | | 19,990 | 24,678 |
| 1,081 | 1,085 | | 3,500 | 139,604 |
| | | | 1,085 | 7,846 |
| | | 24,000 | 24,000 | 21,000 |
| | <u>7,754</u> | <u>14,632</u> | <u>22,386</u> | <u>16,052</u> |
| <u>1,081</u> | <u>1,184,216</u> | <u>44,597</u> | <u>1,228,813</u> | <u>1,413,222</u> |
| <u>742,277</u> | <u>881,586</u> | <u>127,091</u> | <u>1,008,677</u> | <u>(8,832)</u> |
| | 206,293 | | 206,293 | 173,000 |
| | (83,630) | (122,663) | (206,293) | (136,000) |
| | <u>410,000</u> | | <u>410,000</u> | |
| <u>-</u> | <u>532,663</u> | <u>(122,663)</u> | <u>410,000</u> | <u>37,000</u> |
| 742,277 | 1,414,249 | 4,428 | 1,418,677 | 28,168 |
| | <u>475,001</u> | <u>82,515</u> | <u>557,516</u> | <u>529,348</u> |
| <u>\$ 742,277</u> | <u>\$ 1,889,250</u> | <u>\$ 86,943</u> | <u>\$ 1,976,193</u> | <u>\$ 557,516</u> |

VILLAGE OF CLINTON, MICHIGAN

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL, SPECIAL REVENUE,
DEBT SERVICE AND CAPITAL PROJECT FUNDS**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>GENERAL FUND</u> | | | <u>SPECIAL REVENUE FUNDS</u> | | |
|--|----------------------------|----------------------|---|-------------------------------------|----------------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variance Over (Under)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Over (Under)</u> |
| Revenues: | | | | | | |
| Property taxes | \$ 555,000 | \$ 580,937 | \$ 25,937 | \$ 45,000 | \$ 45,646 | \$ 646 |
| Intergovernmental revenue | 219,850 | 250,853 | 31,003 | 116,000 | 145,020 | 29,020 |
| Licenses, fees, and charges for services | 112,900 | 144,546 | 31,646 | | | |
| Rentals | 8,770 | 8,770 | | 6,900 | 7,950 | 1,050 |
| Interest | 5,500 | 6,855 | 1,355 | 1,120 | 1,360 | 240 |
| Other | 8,000 | 27,835 | 19,835 | 250 | 2,804 | 2,554 |
| Townships | | | | 68,175 | 72,125 | 3,950 |
| Softball fees | | | | 22,000 | 21,390 | (610) |
| Grants | | | | | | |
| Total revenues | <u>910,020</u> | <u>1,019,796</u> | <u>109,776</u> | <u>259,445</u> | <u>296,295</u> | <u>36,850</u> |
| Expenditures: | | | | | | |
| General Government | 319,720 | 296,549 | (23,171) | | | |
| Public safety | 417,300 | 395,964 | (21,336) | | | |
| Parks | 33,980 | 23,433 | (10,547) | | | |
| Sanitation | 79,500 | 78,765 | (735) | | | |
| Highways and street | 44,000 | 47,912 | 3,912 | 155,440 | 127,535 | (27,905) |
| Community Center expense | | | | 57,870 | 52,903 | (4,967) |
| Fire | | | | 134,150 | 128,826 | (5,324) |
| Softball program expense | | | | 22,120 | 19,990 | (2,130) |
| Capital outlay | | | | | | |
| Professional fees | | | | | | |
| Debt Service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Total expenditures | <u>894,500</u> | <u>842,623</u> | <u>(51,877)</u> | <u>369,580</u> | <u>329,254</u> | <u>(40,326)</u> |
| Excess (deficiency) of revenues over (under) expenditures | | <u>177,173</u> | | | <u>(32,959)</u> | |
| Other financing sources (uses): | | | | | | |
| Operating transfers in | | | | 92,505 | 76,630 | (15,875) |
| Operating transfers out | (111,255) | (83,630) | (27,625) | | | |
| Proceeds from bond | | | | | | |
| Total other financing sources (uses) | <u>(111,255)</u> | <u>(83,630)</u> | <u>(27,625)</u> | <u>92,505</u> | <u>76,630</u> | <u>(15,875)</u> |
| Excess of revenues and other financing sources over expenditures and other uses | | 93,543 | | | 43,671 | |
| Fund balances - beginning of year | | <u>348,257</u> | | | <u>123,971</u> | |
| Fund balances - end of year | | <u>\$ 441,800</u> | | | <u>\$ 167,642</u> | |

| <u>DEBT SERVICE FUND</u> | | | <u>CAPITAL PROJECT FUND</u> | | | Totals (Memorandum Only) | |
|--------------------------|----------------|--------------------------------------|-----------------------------|-------------------|--------------------------------------|-----------------------------|------------------------|
| <u>Budget</u> | <u>Actual</u> | <u>Variance Over (Under)</u> | <u>Budget</u> | <u>Actual</u> | <u>Variance Over (Under)</u> | <u>2004 Actual</u> | <u>2003 Actual</u> |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ 626,583 | \$ 535,588 |
| | | | | | | 395,873 | 383,343 |
| | | | | | | 144,546 | 160,393 |
| | | | | | | 16,720 | 16,330 |
| 50 | 905 | 855 | 2,000 | 1,670 | (330) | 10,790 | 6,987 |
| | | | | 2,500 | 2,500 | 33,139 | 16,661 |
| | | | | | | 72,125 | 68,344 |
| | | | | | | 21,390 | 22,250 |
| | | | 2,250 | 1,278 | (972) | 1,278 | 126,504 |
| <u>50</u> | <u>905</u> | <u>855</u> | <u>4,250</u> | <u>5,448</u> | <u>1,198</u> | <u>1,322,444</u> | <u>1,336,400</u> |
| | | | | | | 296,549 | 277,502 |
| | | | | | | 395,964 | 381,781 |
| | | | | | | 23,433 | 42,600 |
| | | | | | | 78,765 | 74,214 |
| | | | | | | 175,447 | 199,168 |
| | | | | | | 52,903 | 47,306 |
| | | | | | | 128,826 | 115,964 |
| | | | | | | 19,990 | 24,678 |
| | | | 3,600 | 3,500 | (100) | 3,500 | 139,604 |
| | | | | 4 | 4 | 4 | 7,846 |
| 15,000 | | (15,000) | | | | 7,754 | |
| <u>15,050</u> | <u>7,754</u> | <u>(7,296)</u> | | | | | |
| <u>30,050</u> | <u>7,754</u> | <u>(22,296)</u> | <u>3,600</u> | <u>3,504</u> | <u>(96)</u> | <u>1,183,135</u> | <u>1,310,663</u> |
| | <u>(6,849)</u> | | | <u>1,944</u> | | <u>139,309</u> | <u>25,737</u> |
| 30,000 | 7,000 | (23,000) | 100,750 | 122,663 | 21,913 | 206,293 | 173,000 |
| | | | | | | (83,630) | (136,000) |
| | | | <u>410,000</u> | <u>410,000</u> | | <u>410,000</u> | |
| <u>30,000</u> | <u>7,000</u> | <u>(23,000)</u> | <u>510,750</u> | <u>532,663</u> | <u>21,913</u> | <u>532,663</u> | <u>37,000</u> |
| | 151 | | | 534,607 | | 671,972 | 62,737 |
| | | | | <u>2,773</u> | | <u>475,001</u> | <u>412,264</u> |
| <u>\$ 151</u> | | | | <u>\$ 537,380</u> | | <u>\$ 1,146,973</u> | <u>\$ 475,001</u> |

VILLAGE OF CLINTON, MICHIGAN

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED
EARNINGS/FUND BALANCES - PROPRIETARY AND FIDUCIARY FUND TYPES**

For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

| | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | Totals (Memorandum Only) | |
|---|-----------------------------------|-------------------|--------------------------------|-------------------------------------|---------------------|
| | Enterprise | Equipment | Nonexpendable Trust | 2004 | 2003 |
| Operating revenues: | | | | | |
| Metered sales | \$ 3,044,192 | \$ | \$ | \$ 3,044,192 | \$ 3,040,582 |
| Penalties and service charges | 73,692 | | | 73,692 | 191,164 |
| Miscellaneous | 13,953 | 4,991 | | 18,944 | 37,645 |
| Rentals | | 74,399 | | 74,399 | 82,300 |
| Interest | | | 7,002 | 7,002 | |
| Realized gain/(loss) on investment | | | (1,488) | (1,488) | |
| Unrealized gain on investment | | | 2,076 | 2,076 | |
| Total operating revenues | 3,131,837 | 79,390 | 7,590 | 3,218,817 | 3,351,691 |
| Operating expenses: | | | | | |
| Light plant | 56,566 | | | 56,566 | 49,842 |
| Purchased power | 1,855,534 | | | 1,855,534 | 1,813,706 |
| Administrative | 364,956 | | | 364,956 | 365,582 |
| Electric distribution system | 253,986 | | | 253,986 | 200,161 |
| Water distribution | 73,478 | | | 73,478 | 71,150 |
| Collection system | 23,706 | | | 23,706 | 44,573 |
| Sewer treatment plant | 242,169 | | | 242,169 | 241,471 |
| Equipment operation and maintenance | | 45,834 | | 45,834 | 53,374 |
| Depreciation | 190,025 | 55,390 | | 245,415 | 233,872 |
| Management fees | | | 1,066 | 1,066 | |
| Total operating expenses | 3,060,420 | 101,224 | 1,066 | 3,162,710 | 3,073,731 |
| Operating income (loss) | 71,417 | (21,834) | 6,524 | 56,107 | 277,960 |
| Nonoperating revenues (expenses): | | | | | |
| Income from joint venture | 297,008 | | | 297,008 | (47,360) |
| Interest income | 23,323 | 361 | | 23,684 | 17,630 |
| Contributions | | | 734,613 | 734,613 | |
| Total nonoperating revenues (expenses) | 320,331 | 361 | 734,613 | 1,055,305 | (29,730) |
| Income (loss) before operating transfers | 391,748 | (21,473) | 741,137 | 1,111,412 | 248,230 |
| Operating transfers out | | | | | (37,000) |
| Net income (loss) | 391,748 | (21,473) | 741,137 | 1,111,412 | 211,230 |
| Add depreciation on fixed assets acquired from contributed capital | 53,967 | | | 53,967 | 53,967 |
| Increase (decrease) in retained earnings | 445,715 | (21,473) | 741,137 | 1,165,379 | 265,197 |
| Retained earnings - beginning of year | 3,960,258 | 253,901 | | 4,214,159 | 3,948,962 |
| Retained earnings - end of year | \$ 4,405,973 | \$ 232,428 | \$ 741,137 | \$ 5,379,538 | \$ 4,214,159 |

VILLAGE OF CLINTON, MICHIGAN
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY AND FIDUCIARY FUND TYPES

For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

INCREASE IN CASH AND CASH EQUIVALENTS

| | PROPRIETARY FUND TYPES | | FIDUCIARY FUND TYPE | Totals (Memorandum Only) | |
|---|-----------------------------------|------------------|--------------------------------|-------------------------------------|---------------------|
| | Enterprise | Equipment | Nonexpendable Trust | 2004 | 2003 |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 2,777,751 | \$ 79,360 | \$ | \$ 2,857,111 | \$ 3,340,375 |
| Cash paid to suppliers and employees | (2,635,189) | (46,845) | | (2,682,034) | (2,856,568) |
| Investment income | | | 7,590 | 7,590 | |
| Investment expense | | | (1,066) | (1,066) | |
| Net cash provided by operating activities | <u>142,562</u> | <u>32,515</u> | <u>6,524</u> | <u>181,601</u> | <u>483,807</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Operating transfer to General Fund | | | | | (37,000) |
| Net cash used by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(37,000)</u> |
| Cash flows from investing activities: | | | | | |
| Income from joint venture | 297,008 | | | 297,008 | (47,360) |
| Capital expenditures | (310,834) | (4,010) | | (314,844) | (154,472) |
| Interest received | 23,323 | 361 | | 23,684 | 17,630 |
| Contributions | | | 734,613 | 734,613 | |
| Purchase of investment | | | (741,137) | (741,137) | |
| Net cash provided by (used in) investing activities | <u>9,497</u> | <u>(3,649)</u> | <u>(6,524)</u> | <u>(676)</u> | <u>(184,202)</u> |
| Net increase in cash and cash equivalents | 152,059 | 28,866 | - | 180,925 | 262,605 |
| Cash and cash equivalents at beginning of year | <u>1,258,784</u> | <u>23,779</u> | <u>-</u> | <u>1,282,563</u> | <u>1,019,958</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,410,843</u> | <u>\$ 52,645</u> | <u>\$ -</u> | <u>\$ 1,463,488</u> | <u>\$ 1,282,563</u> |

VILLAGE OF CLINTON, MICHIGAN

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY AND FIDUCIARY FUND TYPES

For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY OPERATING ACTIVITIES

| | <u>PROPRIETARY FUND TYPES</u> | | <u>FIDUCIARY FUND TYPE</u> | <u>Totals (Memorandum Only)</u> | |
|--|-----------------------------------|-------------------|--------------------------------|-------------------------------------|-------------------|
| | <u>Enterprise</u> | <u>Equipment</u> | <u>Nonexpendable Trust</u> | <u>2004</u> | <u>2003</u> |
| Operating income (loss) | \$ 71,417 | \$ (21,834) | \$ 6,524 | \$ 56,107 | \$ 277,960 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | |
| Depreciation expense | 190,025 | 55,390 | | 245,415 | 233,872 |
| (Increase) decrease in: | | | | | |
| Joint venture | (297,008) | | | (297,008) | 47,360 |
| Customer receivables | (57,120) | | | (57,120) | (56,065) |
| Inventory | 60,619 | | | 60,619 | (1,070) |
| Prepaid expenses | 3,248 | (42) | | 3,206 | 8,997 |
| Accrued interest | (558) | (30) | | (588) | (3,412) |
| Increase (decrease) in: | | | | | |
| Accrued expenses and other liabilities | (2,832) | (969) | | (3,801) | (11,538) |
| Accrued leave | 24,171 | | | 24,171 | (13,097) |
| Customer deposits | 600 | | | 600 | 800 |
| Due to other funds | <u>150,000</u> | <u> </u> | <u> </u> | <u>150,000</u> | <u> </u> |
| Net cash provided by operating activities | <u>\$ 142,562</u> | <u>\$ 32,515</u> | <u>\$ 6,524</u> | <u>\$ 181,601</u> | <u>\$ 483,807</u> |

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Clinton, Michigan conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

A. FUND ACCOUNTING

The accounts of the Village are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund – Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Project Fund – Capital Project Funds are used to account for the acquisition and construction of major capital projects other than those financed by proprietary or trust funds. The capital projects shown in the financial statements are a storm sewer and streetscape construction project.

PROPRIETARY FUNDS

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FIDUCIARY FUNDS

Trust Funds – Trust Funds are used to account for assets held by a government unit in a trustee capacity.

Nonexpendable Trust is a Trust Fund in which the principal may not be expended.

Expendable Trust is a Trust Fund in which the resources, both principal and interest, may be expended.

B. FIXED ASSETS AND LONG TERM LIABILITIES

The accounting and reporting treatment applied to the fixed assets and long term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters; streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are recorded at appraised amounts as of July 1978, or cost, if subsequently acquired. Donated fixed assets are valued at their estimated fair value on the date donated.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of service or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and expendable trust are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary and nonexpendable trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

D. INVESTMENTS

Investments are stated at cost or amortized cost, which approximates market.

E. INVENTORIES

Inventories in the Enterprise Funds are stated at weighted average cost.

F. PROPERTY TAXES

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 30. After this date, they are added to the county tax rolls.

Delinquent real property taxes are reimbursed to local units through a County Revolving Fund. Receivables representing these taxes are not subject to the 60 day rule.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ACCUMULATED SICK, PERSONAL, AND VACATION TIME

The noncurrent portion of accumulated sick, personal, and vacation time of the governmental funds is reflected in the General Long-Term Debt Group of Accounts. The current portion is shown as a liability in the General Fund. The accumulated time for the Proprietary Funds is reflected as a liability in the funds.

H. CASH AND CASH EQUIVALENTS

Cash and cash equivalents defined for the Statement of Cash Flows are demand deposits and short-term investments with maturities of less than three months.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. VILLAGE OF CLINTON - REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, these financial statements present the Village of Clinton (the primary government) and a component unit.

The financial reporting entity consists of [a] the primary government, [b] organizations for which the primary government is financially accountable, and [c] other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

2. VILLAGE OF CLINTON - REPORTING ENTITY (Continued)

The primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are financially dependent on it.

One organization or component unit is included in the financial reporting entity by discrete presentation.

Discretely Presented Component Unit. The component unit column in the combined financial statements includes the financial data of the Village's Downtown Development Authority. It is reported in a separate column to emphasize that it is legally separate from the Village.

Downtown Development Authority (DDA) was created as a separate entity under Public Act 197 of 1975 of the State of Michigan. The purpose of the DDA is to plan and develop the downtown area of the Village and to attract new businesses and residents. The governing body of DDA is appointed by the Village Council for a fixed term. The Village approves the annual budget and capital projects of DDA. Prior approval by the Village is needed on any taxation by DDA. And, the Village's approval is needed for any borrowing done by DDA.

3. CAPITAL ASSETS

General fixed assets do not include infrastructure assets.

A summary of changes in general fixed assets follows:

| | <u>Balance</u> <u>April 1, 2003</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>March 31, 2004</u> |
|-------------------|--|------------------|------------------|---|
| Land | \$ 170,152 | \$ | \$ | \$ 170,152 |
| Land improvements | 118,662 | | | 118,662 |
| Buildings | 394,673 | 31,798 | | 426,471 |
| Parks | 433,518 | | | 433,518 |
| Equipment | 537,968 | 8,882 | | 546,850 |
| Storm sewer | <u>139,604</u> | <u>3,500</u> | <u> </u> | <u>143,104</u> |
| Total | <u>\$ 1,794,577</u> | <u>\$ 44,180</u> | <u>\$ -</u> | <u>\$ 1,838,757</u> |

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

3. CAPITAL ASSETS (Continued)

A summary of proprietary fund fixed assets at March 31, 2004 follows:

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Equipment Fund</u> | <u>Total</u> | <u>Depreciable Life Years</u> |
|-----------------------------|--------------------------|-----------------------|---------------------|---------------------------|---------------------|-----------------------------------|
| Land | \$ 17,495 | \$ 3,000 | \$ 10,149 | \$ | \$ 30,644 | |
| Buildings | 479,509 | 73,715 | 3,490,339 | | 4,043,563 | 20 – 60 |
| Utility system | 1,595,944 | 887,816 | 440,974 | | 2,924,734 | 20 – 60 |
| Machinery and equipment | 887,487 | 115,014 | 89,364 | 772,201 | 1,864,066 | 6 – 20 |
| Trucks | <u>144,128</u> | | | | <u>144,128</u> | 3 – 10 |
| Total | 3,124,563 | 1,079,545 | 4,030,826 | 772,201 | 9,007,135 | |
| Less: | | | | | | |
| Accumulated depreciation | <u>2,100,027</u> | <u>497,918</u> | <u>1,740,473</u> | <u>566,806</u> | <u>4,905,224</u> | |
| Net carrying Amount | <u>\$ 1,024,536</u> | <u>\$ 581,627</u> | <u>\$ 2,290,353</u> | <u>\$ 205,395</u> | <u>\$ 4,101,911</u> | |

4. LONG-TERM DEBT

The following is a summary of Village debt outstanding as of March 31, 2004:

PRIMARY GOVERNMENT

General Fund -

Current portion - accumulated employee benefits – leave time \$ 22,847

Enterprise Funds -

Accumulated employee benefits – leave time 77,519

General Long-Term Debt -

Accrued employee benefits 43,193

General obligation bonds 410,000

Total long-term debt \$ 553,559

COMPONENT UNIT

Special Revenue Fund -

Downtown Development Authority -

General Obligation Debts \$ 222,000

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

4. LONG-TERM DEBT (Continued)

The following is a summary of long-term debt transactions of the Village for the year ended March 31, 2004:

| | <u>Primary Government Bond Issue</u> | <u>Note Payable</u> | <u>DDA Bond Issue</u> | <u>Accrued Employee Benefits</u> | <u>Total</u> |
|---|--|-------------------------|---------------------------|--|-------------------|
| Long-term debt at March 31, 2003 | \$ | \$ 83,000 | \$ 163,000 | \$ 106,752 | \$ 352,752 |
| Sale of bonds | 410,000 | | | | 410,000 |
| Principal payment | | | (15,000) | | (15,000) |
| Increase in accrued employee benefits | | | | 36,807 | 36,807 |
| Long term note payable – United Bank & Trust | | (9,000) | | | (9,000) |
| Long-term debt at March 31, 2004 | <u>\$ 410,000</u> | <u>\$ 74,000</u> | <u>\$ 148,000</u> | <u>\$ 143,559</u> | <u>\$ 775,559</u> |

The total interest expense for the year was \$14,632.

The Schedule of Indebtedness is as follows:

| <u>Description</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Amount of Annual Maturity</u> | <u>Principal Outstanding March 31, 2004</u> | <u>2003</u> |
|--|--------------------------|-----------------------------|--|---|-------------------|
| Primary Government | | | \$ 15,000 to | | |
| General Obligation Amount of Issue \$410,000 | 7% | 5/1/2019 | \$ 35,000 | <u>\$ 410,000</u> | <u>\$ -</u> |
| Component Unit | | | \$ 6,000 to | | |
| Special Revenue Downtown Development Authority Amount of Issue \$195,000 | 6.25% | 5/1/2009 | \$ 30,000 | <u>\$ 148,000</u> | <u>\$ 163,000</u> |
| Component Unit | | | \$ 8,000 to | | |
| Special Revenue Downtown Development Authority Amount of Note \$100,000 | 6.19% | 11/01/2009 | \$ 12,000 | <u>\$ 74,000</u> | <u>\$ 83,000</u> |

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

4. LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for general obligation bonds, including interest of \$150,864, Primary Government; and \$47,053, Component Unit, are as follows:

**GENERAL LONG-TERM DEBT
ACCOUNT GROUP**

| Year Ending March 31, | <u>Primary Government</u> | <u>Component Unit</u> |
|----------------------------------|----------------------------------|------------------------------|
| 2005 | \$ 30,290 | \$ 40,047 |
| 2006 | 29,848 | 43,201 |
| 2007 | 29,390 | 42,167 |
| 2008 | 33,838 | 43,007 |
| 2009 | 33,188 | 45,598 |
| 2010 and thereafter | <u>404,310</u> | <u>55,033</u> |
| | <u>\$ 560,864</u> | <u>\$ 269,053</u> |

5. BUDGETS AND BUDGETARY ACCOUNTING

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Village's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Village for these budgetary funds were adopted at the functional level and are in accordance with generally accepted accounting principles (GAAP).

At the functional level, one function incurred expenditures in excess of budgeted amounts.

**6. PROPERTY LIABILITY, UNEMPLOYMENT, AND WORKMEN'S COMPENSATION
INSURANCE COVERAGE**

The Village is a member of the Michigan Township Participating Plan for insuring its properties and for general liability.

The Village is a member of the Municipal Unemployment Compensation Group Account under the Michigan Municipal League for unemployment coverage.

Workers' Compensation coverage is under the Michigan Municipal League Workers' Compensation Fund.

Any contingent liabilities under these arrangements are not known.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

7. RETIREMENT PLAN

A. PLAN DESCRIPTION

The Village contributes to the Michigan Municipal Employees' Retirement System (MERS), an agent multi-employer defined benefit pension plan, which provides retirement benefits to all full-time employees of the Village. MERS is administered by its Board of Trustees. The actuary for the System is Gabriel, Roeder, Smith & Company. The Municipal Employees' Retirement Act of 1984, as amended by 1996 Public Act 220 of the State of Michigan, assigns the authority to establish and amend the benefit provisions of the plans that participate in MERS to the respective employer entities; for the Village of Clinton, that authority rests with the Village. The Municipal Employees' Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to Municipal Employees Retirement System of Michigan, 447 North Canal Road, Lansing, Michigan 48917.

B. FUNDING POLICY

Employees are not required to make contributions under the plan. The Village is required to contribute the actuarially determined amount each year.

ANNUAL PENSION COST

For the year ended March 31, 2004, the Village's required annual pension contribution was zero. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included -

- [a] 8.0% investment rate of return,
- [b] projected salary increases of 4.5% per year compounded annually,
- [c] the assumption that benefits will increase between 1.0% to 2.5% per year (annually) after retirement.

The actuarial value of MERS' assets was determined using techniques that smooth the effects of short term volatility in the market value of investments over a five year period.

Currently, there is no unfunded actuarial accrued liability.

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

7. RETIREMENT PLAN (Continued)

Actuarial Accrued Liability (as of 12/31/02)

| | |
|--|---------------------|
| Retirees and beneficiaries currently receiving benefits | \$ 477,260 |
| Terminated employees not yet receiving benefits | 121,919 |
| Current employees -- | |
| Accumulated employee contributions including allocated investment income | 48,180 |
| Employer financed | <u>1,189,300</u> |
| Total Actuarial Accrued Liability | 1,836,659 |
| Net Assets Available for Benefits at Actuarial Value | <u>1,976,140</u> |
| (Market Value is \$1,570,292) | |
| Unfunded (Overfunded) Actuarial Accrued Liability | <u>\$ (139,481)</u> |

THREE YEAR TREND INFORMATION

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-------------------------------|--------------------------------------|--|-----------------------------------|
| March 31, 2002 | \$ -0- | 100% | 0 |
| March 31, 2003 | -0- | 100% | 0 |
| March 31, 2004 | -0- | 100% | 0 |

SCHEDULE OF FUNDING PROGRESS

| Actuarial Valuation Date | Actuarial Value of Assets [a] | Actuarial Accrued Liability (AAL) Entry Age [b] | Unfunded AAL (UAAL) [b-a] | Funded Ratio [a/b] | Covered Payroll [c] | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 12/31/98 | \$ 1,416,991 | \$1,375,331 | \$ (41,660) | 103 | \$ 677,321 | -0- |
| 12/31/99 | 1,605,998 | 1,490,972 | (115,026) | 108 | 639,277 | -0- |
| 12/31/00 | 1,747,024 | 1,695,354 | (51,670) | 103 | 636,397 | -0- |
| 12/31/01 | 1,874,502 | 1,684,799 | (189,703) | 111 | 621,918 | -0- |
| 12/31/02 | 1,976,140 | 1,836,659 | (139,481) | 108 | 698,097 | -0- |

VILLAGE OF CLINTON, MICHIGAN
NOTES TO FINANCIAL STATEMENTS

March 31, 2004

8. DEFERRED COMPENSATION PLAN

The Village provides its employees a Deferred Compensation Plan, created in accordance with the Internal Revenue Code Section 457, that is administered by the ITT Hartford Insurance Group. The Plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

Under the deferred compensation plan, all assets and income of the plan are held in trust for the exclusive benefit of participants and their beneficiaries.

9. JOINT VENTURE - MICHIGAN SOUTH CENTRAL POWER AGENCY

The Village is a member municipality of the Michigan South Central Power Agency. The Michigan South Central Power Agency (the "Agency") is a public body politic and corporate of the State of Michigan organized on March 21, 1978, under the authority of Michigan Public Act 448 of 1976 (the "Act"), to supply electricity to member municipalities in South Central Michigan. The Act provides that the Agency will establish rates and charges so as to produce revenues sufficient to cover its costs (excluding depreciation and amortization expense) including debt service, but it may not operate its projects for profit, except insofar as any such profit will inure to the benefit of the public. Each member municipality appoints one member to the Board of the Agency. The member municipalities and their percentage shares are as follows:

| <u>Municipality</u> | <u>Percentage Share</u> |
|---------------------|-------------------------|
| Clinton | 6.5 |
| Coldwater | 40.0 |
| Hillsdale | 25.5 |
| Marshall | 24.0 |
| Union City | <u>4.0</u> |
| | <u>100.0</u> |

Each member is a municipal corporation, organized under the laws of the State of Michigan, which owns and operates a municipal electric system. The member municipalities presently supply their customers with power and energy generated from the Agency's Project I and from the municipalities' existing generating facilities and also with power purchased from other utility companies.

Each of the member municipalities entered into (a) a Power Sales Contract with the Agency for the supply of power and energy from the Agency, and (b) a Substation Agreement with the Agency for services provided by the Agency to the member municipality with respect to substation facilities; both of these agreements will remain in effect as long as the Power Supply System Revenue Refunding Bonds, 1994, 1992, 1991, and 1986 Series are outstanding. Each member municipality also entered into an Economic Dispatch Agreement with

VILLAGE OF CLINTON
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

9. JOINT VENTURE - MICHIGAN SOUTH CENTRAL POWER AGENCY (Continued)

the Agency providing for the dispatch by the Agency of power and energy from certain existing generating facilities of the member municipalities on an economic basis. The Power Sales Contracts between the Agency and the member municipalities require the Agency to provide, and the member municipalities to purchase from the Agency, all of the members' bulk power supply, as defined in the contracts. Each member is obligated to pay its share of the Agency's operating and debt service costs of Project I. The Substation Agreements require the Agency to provide, and the municipalities to purchase, services of the municipalities' substation facilities for transmission, transformation, and delivery of electric power and energy from the Agency to the municipalities. Under the Economic Dispatch Agreement, the member municipalities are required to sell to the Agency power generated by their facilities, defined as dedicated capacity.

Michigan South Central Power Agency's revenue bonds outstanding are as follows:

| | <u>2003</u> | <u>June 30</u> <u>2002</u> |
|---|----------------------|-------------------------------|
| 1986 Series: | | |
| 5% Term Bonds, due 2009, with annual Sinking Fund requirements beginning in 2007 | \$ | \$ 25,410,000 |
| 1991 Series – 6.75% Term Bonds, due November 2010 | | 7,890,000 |
| 1992 Series – 3.50% to 5.90% Serial Bonds, maturing annually on November 1, 1997 to 2006 | 28,045,000 | 34,155,000 |
| 1994 Series – 7.00% Term bonds, due November 1, 2011 | 8,385,000 | 8,385,000 |
| 2000 Series – 6.00% Serial Bonds, maturing annually on May 1, 2010 to 2012 | 6,475,000 | 6,475,000 |
| 2002 Series – 5.00% Serial Bonds, maturing annually on November 21, 2008 to 2011 | <u>31,190,000</u> | <u> </u> |
| Total outstanding debt | <u>\$ 74,095,000</u> | <u>\$ 82,315,000</u> |

These are revenue bonds secured by pledges of revenues earned, as well as assets in funds established by bond resolution.

VILLAGE OF CLINTON
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

9. JOINT VENTURE - MICHIGAN SOUTH CENTRAL POWER AGENCY (Continued)

A summary of financial information on Michigan South Central Power Agency at June 30, 2003 and 2002 follows:

| | <u>2003</u> | <u>2002</u> |
|--|---------------|----------------|
| Total assets | \$ 88,706,034 | \$ 110,501,702 |
| Total liabilities | 76,202,861 | 102,567,885 |
| Net assets | 12,503,173 | 7,933,817 |
| Operating revenues | 36,118,189 | 35,460,233 |
| Operating expenses | 28,327,136 | 27,555,728 |
| Income from operations | 7,791,053 | 7,904,505 |
| Interest and miscellaneous | 748,158 | 2,193,951 |
| Interest expense | (4,516,502) | (4,670,681) |
| Deferred costs | (3,196,205) | (5,259,681) |
| Increase in fair value of investment securities | 82,768 | 424,862 |
| Gain (loss) on disposal of assets | (24,840) | 259 |
| Amortization of debt costs, discounts, premiums, losses | (1,287,351) | (357,477) |
| Capital contributions | 900,540 | |
| Extraordinary item | 4,071,735 | |
| Change in net assets | 4,569,356 | 235,738 |

10. CASH AND INVESTMENTS

At year end, bank deposits amounted to \$2,125,820. Of this amount \$300,000 was covered by Federal Depository Insurance and \$1,825,820 was uninsured and uncollateralized. At certain times of the year, especially when property taxes are being collected, the Village's uncollateralized deposits increase significantly; as a result, the amounts of uncollateralized deposits at those times were higher. All deposits are with banks located in Michigan as required by statutes.

At year end, bank balances, net of checks written but not cleared, as recorded in the financial statements were \$2,115,013. Of that amount, \$127,075 was in cash, checking or savings accounts; \$224,656 was in cash management and seven day accounts and \$1,189,146 in 'J Fund' account; and \$574,136 was in certificates of deposit. Such accounts are authorized by statutes.

VILLAGE OF CLINTON
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

10. CASH AND INVESTMENTS (Continued)

| <u>Certificate of Deposit</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance March 31, 2004</u> |
|-------------------------------------|----------------------|----------------------|-------------------------------|
| General Fund | 8/25/04 | | \$ 49,290 |
| General Fund | 7/24/05 | 3.65% | 103,700 |
| Water Fund | 7/24/05 | 3.65% | 51,850 |
| Electric Fund | 7/24/05 | 3.65% | 259,251 |
| Sewer Fund | 7/24/05 | 3.65% | 103,700 |
| Community Center | 10/24/04 | 1.74% | <u>6,345</u> |
| | | | <u>\$ 574,136</u> |
| <u>Cash Management Accounts</u> | | | |
| Sewer Fund | | | \$ 22,046 |
| Electric Fund | | | <u>202,610</u> |
| Total investments | | | <u>\$ 224,656</u> |

11. INTERFUND RECEIVABLES/PAYABLES

At March 31, 2004, interfund receivables/payables were:

| <u>Due From</u> | | <u>Due To</u> | |
|-----------------|-------------------|---------------|-------------------|
| General Fund | \$ 2,377 | Local Street | \$ 2,377 |
| Local Street | 2,377 | Major Street | 2,377 |
| Water Fund | 48,000 | Robison Trust | 48,000 |
| Sewer Fund | <u>102,000</u> | Robison Trust | <u>102,000</u> |
| | <u>\$ 154,754</u> | | <u>\$ 154,754</u> |
| | | | |
| General Fund | <u>\$ 2,963</u> | DDA | <u>\$ 2,963</u> |

VILLAGE OF CLINTON
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

12. INTERFUND TRANSFERS

The transfers between funds for the fiscal year ended March 31, 2004 were:

| <u>TRANSFERS OUT</u> | | <u>TRANSFERS IN</u> | |
|----------------------|-------------------|---------------------|-------------------|
| General Fund | \$ 7,000 | Debt Service | \$ 7,000 |
| General Fund | 54,100 | Fire Fund | 54,100 |
| General Fund | 22,530 | Local Street | 22,530 |
| | | Streetscape Capital | |
| DDA | <u>122,663</u> | Projects Fund | <u>122,663</u> |
| | <u>\$ 206,293</u> | | <u>\$ 206,293</u> |

13. STREETScape IMPROVEMENTS

The Village has been approved for a Federal/State Grant for downtown improvements. The total cost of the project is estimated at \$1,407,300. Funding will be approximately 44% Federal, 19% State, and 37% Village. The Village's funding and construction activity is shown in the 2003 Bond Construction Fund – Streetscape.

14. VILLAGE OF CLINTON – ROBISON TRUST

The Village has created a trust initially funded by an unrestricted gift from the Estate of John F. Robison (\$734,613). It is the intent of the Village that all gifts to this trust will be held as endowments with the principal invested permanently and the investment income to be used for the benefit of the Village of Clinton.

15. JOHN F. ROBISON TATE PARK TRUST

This trust has been created by the Village to provide a legal entity for handling the restricted gift from the Estate of John F. Robison (\$734,613). The donor has restricted the use of this gift to the operation, improvement, and maintenance of Tate Park. Both principal and investment income can be used for the restricted purposes.

VILLAGE OF CLINTON, MICHIGAN
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS

March 31, 2004
With Comparative Totals for March 31, 2003

| <u>ASSETS</u> | Local Street Fund | Major Street Fund |
|---|------------------------------|------------------------------|
| Cash and cash equivalents | \$ 369 | \$ 84,440 |
| Receivables (net of allowance for uncollectibles): | | |
| Property taxes | | |
| Due from other governmental units | 3,958 | 10,989 |
| Due from other funds | 2,377 | 2,377 |
| Prepaid expenses and other assets | <u>100</u> | <u>228</u> |
| Total assets | <u>\$ 6,804</u> | <u>\$ 98,034</u> |

LIABILITIES AND FUND BALANCES

| | | |
|---|----------------------------|-----------------------------|
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 623 | \$ 728 |
| Customer deposits | | |
| Due to other funds | 2,377 | |
| Fund balances | <u>3,804</u> | <u>97,306</u> |
| Total liabilities and fund balances | <u>\$ 6,804</u> | <u>\$ 98,034</u> |

| <u>Community Center Fund</u> | <u>Fire Fund</u> | <u>Softball Program</u> | Totals (Memorandum Only) | |
|----------------------------------|------------------|-----------------------------|-------------------------------------|-------------------|
| | | | <u>2004</u> | <u>2003</u> |
| \$ 46,347 | \$ 2,659 | \$ 1,976 | \$ 135,791 | \$ 101,615 |
| 3,110 | 2,841 | | 3,110 | 2,448 |
| | | | 17,788 | 15,274 |
| | | | 4,754 | 4,754 |
| <u>2,310</u> | <u>8,463</u> | <u> </u> | <u>11,101</u> | <u>8,495</u> |
| <u>\$ 51,767</u> | <u>\$ 13,963</u> | <u>\$ 1,976</u> | <u>\$ 172,544</u> | <u>\$ 132,586</u> |
| | | | | |
| \$ 360 | \$ 694 | \$ | \$ 2,405 | \$ 5,618 |
| 120 | | | 120 | 620 |
| | | | 2,377 | 2,377 |
| <u>51,287</u> | <u>13,269</u> | <u>1,976</u> | <u>167,642</u> | <u>123,971</u> |
| <u>\$ 51,767</u> | <u>\$ 13,963</u> | <u>\$ 1,976</u> | <u>\$ 172,544</u> | <u>\$ 132,586</u> |

VILLAGE OF CLINTON, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL - SPECIAL REVENUE FUNDS**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>LOCAL STREET FUND</u> | | <u>MAJOR STREET FUND</u> | | <u>COMMUNITY CENTER FUND</u> | |
|--|---------------------------------|----------------------|---------------------------------|----------------------|---|----------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> |
| Revenues: | | | | | | |
| Property taxes | \$ | \$ | \$ | \$ | \$ 45,000 | \$ 45,646 |
| Intergovernmental revenues: | | | | | | |
| State gas weight tax | 30,000 | 37,902 | 85,000 | 105,423 | | |
| County revenue sharing | | | 1,000 | 1,695 | | |
| Miscellaneous | 200 | 25 | | | 50 | |
| Rentals | | | | | 6,800 | 7,480 |
| Interest | 100 | | 400 | 721 | 600 | 589 |
| Township contributions | | | | | | |
| Softball fees | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | <u>30,300</u> | <u>37,927</u> | <u>86,400</u> | <u>107,839</u> | <u>52,450</u> | <u>53,715</u> |
| Expenditures: | | | | | | |
| Routine maintenance | 35,010 | 30,633 | 40,790 | 36,399 | | |
| Traffic service | 6,020 | 3,353 | 5,520 | 6,063 | | |
| Winter maintenance | 9,770 | 9,554 | 9,270 | 8,802 | | |
| Administrative | 17,030 | 16,319 | 32,030 | 16,412 | | |
| Community Center expenses | | | | | 57,870 | 52,903 |
| Fire expenses | | | | | | |
| Softball program expenses | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>67,830</u> | <u>59,859</u> | <u>87,610</u> | <u>67,676</u> | <u>57,870</u> | <u>52,903</u> |
| Excess (deficiency) of revenues over (under) expenditures | | (21,932) | | 40,163 | | 812 |
| Other financing sources: | | | | | | |
| Operating transfers in | 37,530 | <u>22,530</u> | | <u> </u> | | <u> </u> |
| Excess of revenues and other financing sources over expenditures | | 598 | | 40,163 | | 812 |
| Fund balances - beginning of year | | <u>3,206</u> | | <u>57,143</u> | | <u>50,475</u> |
| Fund balances - end of year | | <u>\$ 3,804</u> | | <u>\$ 97,306</u> | | <u>\$ 51,287</u> |

| <u>FIRE FUND</u> | | <u>SOFTBALL PROGRAM</u> | | <u>TOTALS (MEMORANDUM ONLY)</u> | | |
|------------------|------------------|-------------------------|-----------------|-------------------------------------|----------------------------------|----------------------------------|
| <u>Budget</u> | <u>Actual</u> | <u>Budget</u> | <u>Actual</u> | <u>March 31, 2004 Budget</u> | <u>March 31, 2004 Actual</u> | <u>March 31, 2003 Actual</u> |
| \$ | \$ | \$ | \$ | \$ 45,000 | \$ 45,646 | \$ 42,715 |
| | | | | 115,000 | 143,325 | 137,439 |
| | | | | 1,000 | 1,695 | 3,387 |
| | 2,779 | | | 250 | 2,804 | 6,365 |
| | | 100 | 470 | 6,900 | 7,950 | 7,305 |
| | | 20 | 50 | 1,120 | 1,360 | 1,237 |
| 68,175 | 72,125 | | | 68,175 | 72,125 | 68,344 |
| <u>68,175</u> | <u>72,125</u> | <u>22,000</u> | <u>21,390</u> | <u>22,000</u> | <u>21,390</u> | <u>22,250</u> |
| <u>68,175</u> | <u>74,904</u> | <u>22,120</u> | <u>21,910</u> | <u>259,445</u> | <u>296,295</u> | <u>289,042</u> |
| | | | | 75,800 | 67,032 | 98,355 |
| | | | | 11,540 | 9,416 | 9,313 |
| | | | | 19,040 | 18,356 | 21,445 |
| | | | | 49,060 | 32,731 | 30,686 |
| | | | | 57,870 | 52,903 | 47,306 |
| 134,150 | 128,826 | | | 134,150 | 128,826 | 115,964 |
| <u>134,150</u> | <u>128,826</u> | <u>22,120</u> | <u>19,990</u> | <u>22,120</u> | <u>19,990</u> | <u>24,678</u> |
| <u>134,150</u> | <u>128,826</u> | <u>22,120</u> | <u>19,990</u> | <u>369,580</u> | <u>329,254</u> | <u>347,747</u> |
| | (53,922) | | 1,920 | | (32,959) | (58,705) |
| 54,975 | <u>54,100</u> | | | 92,505 | <u>76,630</u> | <u>99,000</u> |
| | 178 | | 1,920 | | 43,671 | 40,295 |
| | <u>13,091</u> | | <u>56</u> | | <u>123,971</u> | <u>83,676</u> |
| | <u>\$ 13,269</u> | | <u>\$ 1,976</u> | | <u>\$ 167,642</u> | <u>\$ 123,971</u> |

VILLAGE OF CLINTON, MICHIGAN
COMBINING BALANCE SHEET – CAPITAL PROJECTS FUNDS
March 31, 2004
With Comparative Totals for March 31, 2003

| <u>ASSETS</u> | <u>Storm Sewer</u> | <u>2003 Bond Construction Fund - Streetscape</u> | <u>Totals (Memorandum Only) 2004</u> | <u>2003</u> |
|-----------------------------------|---------------------------|---|---|--------------------|
| Cash and cash equivalents | \$ 547 | \$ 37,186 | \$ 37,733 | \$ 2,733 |
| Construction in progress | <u> </u> | <u>499,647</u> | <u>499,647</u> | <u> </u> |
| Total assets | <u>\$ 547</u> | <u>\$ 536,833</u> | <u>\$ 537,380</u> | <u>\$ 2,773</u> |
| <u>FUND BALANCES</u> | | | | |
| Fund balances: | | | | |
| Reserved for capital improvements | <u>\$ 547</u> | <u>\$ 536,833</u> | <u>\$ 537,380</u> | <u>\$ 2,773</u> |
| Total fund balances | <u>\$ 547</u> | <u>\$ 536,833</u> | <u>\$ 537,380</u> | <u>\$ 2,773</u> |

VILLAGE OF CLINTON, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES --
BUDGET (GAAP BASIS) AND ACTUAL -- CAPITAL PROJECTS FUNDS

For the Year Ended March 31, 2004
With Comparative Actual Totals for the Year Ended March 31, 2003

| | STORM SEWER | | 2003 BOND CONSTRUCTION - STREETSCAPE | | Totals (Memorandum Only) | |
|---|--------------|----------------|--|-------------------|-----------------------------|--------------------------|
| | Budget | Actual | Budget | Actual | March 31, 2004 Actual | March 31, 2003 Actual |
| Revenues: | | | | | | |
| Interest | \$ | \$ | \$ 2,000 | \$ 1,670 | \$ 1,670 | \$ |
| Other | | | | 2,500 | 2,500 | |
| Grants | <u>2,250</u> | <u>1,278</u> | | | <u>1,278</u> | <u>113,223</u> |
| Total revenues | <u>2,250</u> | <u>1,278</u> | <u>2,000</u> | <u>4,170</u> | <u>5,448</u> | <u>113,223</u> |
| Expenditures: | | | | | | |
| Capital outlay | 3,600 | 3,500 | | | 3,500 | 139,604 |
| Professional fees | | <u>4</u> | | | <u>4</u> | <u>7,846</u> |
| Total expenditures | <u>3,600</u> | <u>3,504</u> | <u>-</u> | <u>-</u> | <u>3,504</u> | <u>147,450</u> |
| Excess (deficiency) of revenues over (under) expenditures | | <u>(2,226)</u> | | <u>4,170</u> | <u>1,944</u> | <u>(34,227)</u> |
| Other financing sources: | | | | | | |
| Operating transfers in | 750 | | 100,000 | 122,663 | 122,663 | 37,000 |
| Proceeds from bonds | | <u>-</u> | <u>410,000</u> | <u>410,000</u> | <u>410,000</u> | |
| Total other financing sources | <u>750</u> | <u>-</u> | <u>510,000</u> | <u>532,663</u> | <u>532,663</u> | <u>37,000</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures | | <u>(2,226)</u> | | <u>536,833</u> | <u>534,607</u> | <u>2,773</u> |
| Fund balances -- beginning of year | | <u>2,773</u> | | <u>-</u> | <u>2,773</u> | <u>-</u> |
| Fund balances -- end of year | | <u>\$ 547</u> | | <u>\$ 536,833</u> | <u>\$ 537,380</u> | <u>\$ 2,773</u> |

See independent auditors' report.

VILLAGE OF CLINTON, MICHIGAN
COMBINING BALANCE SHEET - ENTERPRISE FUNDS

March 31, 2004
With Comparative Totals for March 31, 2003

| <u>ASSETS</u> | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | Totals (Memorandum Only) <u>2004</u> | <u>2003</u> |
|---|---------------------------------|------------------------------|------------------------------|---|---------------------|
| Current assets: | | | | | |
| Cash and equivalents | \$ 921,084 | \$ 153,963 | \$ 335,796 | \$ 1,410,843 | \$ 1,258,784 |
| Customer receivables | 291,693 | 15,305 | 44,626 | 351,624 | 294,507 |
| Prepaid expenses and other assets | 15,651 | 4,838 | 6,961 | 27,450 | 87,511 |
| Inventories | <u>44,828</u> | <u> </u> | <u> </u> | <u>44,828</u> | <u>48,076</u> |
| Total current assets | <u>1,273,256</u> | <u>174,106</u> | <u>387,383</u> | <u>1,834,745</u> | <u>1,688,878</u> |
| Long-term assets: | | | | | |
| Investment in joint venture | 812,706 | | | 812,706 | 515,698 |
| Land, buildings, and equipment | <u>1,024,536</u> | <u>581,627</u> | <u>2,290,353</u> | <u>3,896,516</u> | <u>3,775,706</u> |
| Total long-term assets | <u>1,837,242</u> | <u>581,627</u> | <u>2,290,353</u> | <u>4,709,222</u> | <u>4,291,404</u> |
| Total assets | <u>\$ 3,110,498</u> | <u>\$ 755,733</u> | <u>\$ 2,677,736</u> | <u>\$ 6,543,967</u> | <u>\$ 5,980,282</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | | |
| Current liabilities: | | | | | |
| Accrued expenses and other liabilities | \$ 169,956 | \$ 4,444 | \$ 3,405 | \$ 177,805 | \$ 180,638 |
| Cash deposits | 16,820 | 600 | 2,000 | 19,420 | 18,820 |
| Due to other funds | <u> </u> | <u>48,000</u> | <u>102,000</u> | <u>150,000</u> | <u> </u> |
| Total current liabilities | 186,776 | 53,044 | 107,405 | 347,225 | 199,458 |
| Long-term liabilities: | | | | | |
| Accrued leave | <u>43,182</u> | <u>9,017</u> | <u>25,320</u> | <u>77,519</u> | <u>53,349</u> |
| Total liabilities | <u>229,958</u> | <u>62,061</u> | <u>132,725</u> | <u>424,744</u> | <u>252,807</u> |
| Fund equity: | | | | | |
| Contributed capital | | 74,340 | 1,638,910 | 1,713,250 | 1,767,217 |
| Retained earnings: | | | | | |
| Reserved for investment joint venture | 812,706 | | | 812,706 | 515,698 |
| Reserved for Water Treatment Plant | | 93,963 | | 93,963 | 74,076 |
| Unreserved | <u>2,067,834</u> | <u>525,369</u> | <u>906,101</u> | <u>3,499,304</u> | <u>3,370,484</u> |
| Total fund equity | <u>2,880,540</u> | <u>693,672</u> | <u>2,545,011</u> | <u>6,119,223</u> | <u>5,727,475</u> |
| Total liabilities and fund equity | <u>\$ 3,110,498</u> | <u>\$ 755,733</u> | <u>\$ 2,677,736</u> | <u>\$ 6,543,967</u> | <u>\$ 5,980,282</u> |

VILLAGE OF CLINTON, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/CONTRIBUTED CAPITAL - ENTERPRISE FUNDS

For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Totals (Memorandum Only) 2004</u> | <u>2003</u> |
|--|--------------------------|-----------------------|-----------------------|--|---------------------|
| Operating revenues: | | | | | |
| Metered sales | \$ 2,504,208 | \$ 145,987 | \$ 393,997 | \$ 3,044,192 | \$ 3,040,582 |
| Penalties and service charges | 27,402 | 16,957 | 29,333 | 73,692 | 191,164 |
| Miscellaneous | <u>7,983</u> | <u>4,518</u> | <u>1,452</u> | <u>13,953</u> | <u>21,821</u> |
| Total operating revenues | <u>2,539,593</u> | <u>167,462</u> | <u>424,782</u> | <u>3,131,837</u> | <u>3,253,567</u> |
| Operating expenses: | | | | | |
| Light plant | 56,566 | | | 56,566 | 49,842 |
| Purchased power | 1,855,534 | | | 1,855,534 | 1,813,706 |
| Administrative | 192,194 | 62,549 | 110,213 | 364,956 | 365,582 |
| Electric distribution system | 253,986 | | | 253,986 | 200,161 |
| Water distribution | | 73,478 | | 73,478 | 71,150 |
| Collection system | | | 23,706 | 23,706 | 44,573 |
| Sewer treatment plant | | | 242,169 | 242,169 | 241,471 |
| Depreciation expense | <u>78,587</u> | <u>32,118</u> | <u>79,320</u> | <u>190,025</u> | <u>182,692</u> |
| Total operating expenses | <u>2,436,867</u> | <u>168,145</u> | <u>455,408</u> | <u>3,060,420</u> | <u>2,969,177</u> |
| Operating income (loss) | <u>102,726</u> | <u>(683)</u> | <u>(30,626)</u> | <u>71,417</u> | <u>284,390</u> |
| Nonoperating revenues (expenses): | | | | | |
| Income from joint venture | 297,008 | | | 297,008 | (47,360) |
| Interest income | <u>14,445</u> | <u>2,723</u> | <u>6,155</u> | <u>23,323</u> | <u>17,011</u> |
| Total nonoperating revenues (expenses) | <u>311,453</u> | <u>2,723</u> | <u>6,155</u> | <u>320,331</u> | <u>(30,349)</u> |
| Income (loss) before operating transfers | 414,179 | 2,040 | (24,471) | 391,748 | 254,041 |
| Operating transfers out | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u>(37,000)</u> |
| Net income (loss) | 414,179 | 2,040 | (24,471) | 391,748 | 217,041 |
| Add depreciation of fixed assets acquired from contributed capital | <u>-</u> | <u>-</u> | <u>53,967</u> | <u>53,967</u> | <u>53,967</u> |
| Increase (decrease) in retained earnings | 414,179 | 2,040 | 29,496 | 445,715 | 271,008 |
| Retained earnings - beginning of year | <u>2,466,361</u> | <u>617,292</u> | <u>876,605</u> | <u>3,960,258</u> | <u>3,689,250</u> |
| Retained earnings - end of year | <u>\$ 2,880,540</u> | <u>\$ 619,332</u> | <u>\$ 906,101</u> | <u>\$ 4,405,973</u> | <u>\$ 3,960,258</u> |

See independent auditors' report.

VILLAGE OF CLINTON, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS/CONTRIBUTED CAPITAL - ENTERPRISE FUNDS**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | <u>Totals (Memorandum Only) 2004</u> | <u>2003</u> |
|---|--------------------------|-----------------------|-----------------------|--|---------------------|
| Contributed capital - beginning of year | \$ - | \$ 74,340 | \$ 1,692,877 | \$ 1,767,217 | \$ 1,821,184 |
| Contributed capital - Less: Depreciation of fixed assets acquired from contributed capital | <u>-</u> | <u>-</u> | <u>(53,967)</u> | <u>(53,967)</u> | <u>(53,967)</u> |
| Contributed capital - end of year | <u>\$ -</u> | <u>\$ 74,340</u> | <u>\$ 1,638,910</u> | <u>\$ 1,713,250</u> | <u>\$ 1,767,217</u> |

VILLAGE OF CLINTON, MICHIGAN

**COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS**

**For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003**

INCREASE IN CASH AND CASH EQUIVALENTS

| | <u>Electric Fund</u> | <u>Water Fund</u> | <u>Sewer Fund</u> | Totals (Memorandum Only) | |
|---|--------------------------|-----------------------|-----------------------|-------------------------------------|---------------------|
| | | | | <u>2004</u> | <u>2003</u> |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 2,197,976 | \$ 162,907 | \$ 416,868 | \$ 2,777,751 | \$ 3,242,251 |
| Cash paid to suppliers and employees | <u>(2,330,899)</u> | <u>(76,225)</u> | <u>(228,065)</u> | <u>(2,635,189)</u> | <u>(2,802,446)</u> |
| Net cash provided by (used in) operating activities | <u>(132,923)</u> | <u>86,682</u> | <u>188,803</u> | <u>142,562</u> | <u>439,805</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Operating transfer to General Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(37,000)</u> |
| Net cash used by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(37,000)</u> |
| Cash flows from investing activities: | | | | | |
| Income from joint venture | 297,008 | | | 297,008 | (47,360) |
| Capital expenditures | (81,444) | (69,518) | (159,872) | (310,834) | (87,935) |
| Interest received | <u>14,445</u> | <u>2,723</u> | <u>6,155</u> | <u>23,323</u> | <u>17,011</u> |
| Net cash provided by (used in) investing activities | <u>230,009</u> | <u>(66,795)</u> | <u>(153,717)</u> | <u>9,497</u> | <u>(118,284)</u> |
| Net increase in cash and cash equivalents | 97,086 | 19,887 | 35,086 | 152,059 | 284,521 |
| Cash and cash equivalents at beginning of year | <u>823,998</u> | <u>134,076</u> | <u>300,710</u> | <u>1,258,784</u> | <u>974,263</u> |
| Cash and cash equivalents at end of year | <u>\$ 921,084</u> | <u>\$ 153,963</u> | <u>\$ 335,796</u> | <u>\$ 1,410,843</u> | <u>\$ 1,258,784</u> |

VILLAGE OF CLINTON, MICHIGAN
COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS

For the Year Ended March 31, 2004
With Comparative Totals for the Year Ended March 31, 2003

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES

| | Electric Fund | Water Fund | Sewer Fund | Totals (Memorandum Only) 2004 | 2003 |
|---|--------------------------|-----------------------|-----------------------|--|-------------------|
| Operating income (loss) | \$ 102,726 | \$ (683) | \$ (30,626) | \$ 71,417 | \$ 284,390 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation expense | 78,587 | 32,118 | 79,320 | 190,025 | 182,692 |
| (Increase) decrease in: | | | | | |
| Joint venture | (297,008) | | | (297,008) | 47,360 |
| Customer receivables | (45,154) | (4,484) | (7,482) | (57,120) | (56,065) |
| Prepaid expenses | (2,762) | 12,822 | 50,559 | 60,619 | (1,070) |
| Inventory | 3,248 | | | 3,248 | 8,953 |
| Accrued interest | (205) | (21) | (332) | (558) | (3,412) |
| Increase (decrease) in: | | | | | |
| Accrued expenses and other liabilities | 9,346 | (1,911) | (10,267) | (2,832) | (10,371) |
| Accrued leave | 17,549 | 891 | 5,731 | 24,171 | (13,472) |
| Customer deposits | 750 | (50) | (100) | 600 | 800 |
| Due to other funds | | 48,000 | 102,000 | 150,000 | |
| Net cash provided by (used in) operating activities | <u>\$ (132,923)</u> | <u>\$ 86,682</u> | <u>\$ 188,803</u> | <u>\$ 142,562</u> | <u>\$ 439,805</u> |

VILLAGE OF CLINTON, MICHIGAN
COMBINING BALANCE SHEET – TRUST FUNDS
March 31, 2004

| | <u>NONEXPENDABLE</u> | <u>EXPENDABLE</u> | |
|---------------------------------|--|---|-------------------------------|
| <u>ASSETS</u> | <u>Village of Clinton Robison Trust</u> | <u>John F. Robison Tate Park</u> | <u>Totals 2004</u> |
| Investments | \$ 591,137 | \$ 742,277 | \$ 1,333,414 |
| Due from other funds | <u>150,000</u> | <u> </u> | <u>150,000</u> |
| Total assets | <u>\$ 741,137</u> | <u>\$ 742,277</u> | <u>\$ 1,483,414</u> |
| <u>FUND BALANCES</u> | | | |
| Reserved for Tate Park | \$ | \$ 742,277 | \$ 742,277 |
| Unreserved – undesignated | 6,524 | | 6,524 |
| Unreserved – designated | <u>734,613</u> | <u> </u> | <u>734,613</u> |
| Total fund balances | <u>\$ 741,137</u> | <u>\$ 742,277</u> | <u>\$ 1,483,414</u> |

VILLAGE OF CLINTON, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – TRUST FUNDS**

For the Year Ended March 31, 2004

| | NONEXPENDABLE | EXPENDABLE | |
|---------------------------------------|---|--------------------------------------|------------------------|
| | Village of Clinton Robison Trust | John F. Robison Tate Park | Totals 2004 |
| Revenues: | | | |
| Interest | \$ 7,002 | \$ 6,694 | \$ 13,696 |
| Donations | 734,613 | 734,613 | 1,469,226 |
| Realized gain/(loss) on investment | (1,488) | (1,267) | (2,755) |
| Unrealized gain on investment | <u>2,076</u> | <u>3,318</u> | <u>5,394</u> |
| Total revenues | 742,203 | 743,358 | 1,485,561 |
| Expenditures: | | | |
| Management fees | <u>1,066</u> | <u>1,081</u> | <u>2,147</u> |
| Fund balances – end of year | <u>\$ 741,137</u> | <u>\$ 742,277</u> | <u>\$ 1,483,414</u> |

VILLAGE OF CLINTON, MICHIGAN
SCHEDULE OF EXPENDITURES - BUDGET (GAAP BASIS) AND ACTUAL -
GENERAL FUND

For the Year Ended March 31, 2004

| | <u>2004 Budget</u> | <u>2004 Actual</u> | <u>Variance Over (Under)</u> |
|------------------------------|------------------------|------------------------|--------------------------------------|
| General Government: | | | |
| Village Council | \$ 15,310 | \$ 15,066 | \$ (244) |
| Elections | 3,150 | 3,082 | (68) |
| Legal | 31,000 | 26,939 | (4,061) |
| General administration | 97,890 | 91,355 | (6,535) |
| Building and grounds | 141,320 | 132,836 | (8,484) |
| Planning Commission | 5,050 | 6,212 | 1,162 |
| Insurance | <u>26,000</u> | <u>21,059</u> | <u>(4,941)</u> |
| Total General Government | <u>319,720</u> | <u>296,549</u> | <u>(23,171)</u> |
| Public Safety: | | | |
| Police | 397,420 | 377,440 | (19,980) |
| Inspection | <u>19,880</u> | <u>18,524</u> | <u>(1,356)</u> |
| Total Public Safety | <u>417,300</u> | <u>395,964</u> | <u>(21,336)</u> |
| Highways and Streets: | | | |
| Street lighting | 43,000 | 47,912 | 4,912 |
| Sidewalk construction | <u>1,000</u> | <u> </u> | <u>(1,000)</u> |
| Total Highways and Street | <u>44,000</u> | <u>47,912</u> | <u>3,912</u> |
| Sanitation | <u>79,500</u> | <u>78,765</u> | <u>(735)</u> |
| Parks | <u>33,980</u> | <u>23,433</u> | <u>(10,547)</u> |
| Total expenditures | <u>\$ 894,500</u> | <u>\$ 842,623</u> | <u>\$ (51,877)</u> |